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Classified By: CDA Susan L. Ziadeh for reasons 1.4 (b) and (d).

- (C) PolOff July 24 delivered reftel demarche on the Iran P5 1 incentive package to MFA Director for Bilateral Affairs Dr. Dhafer Al Umran. Al Umran's initial reaction was that the package is quite extensive and includes many concrete benefits for Iran. He then asked about the inclusion of political incentives because it is likely that the political arena is of high interest to Iran. "Iran needs a win-win solution," referring to economic and political incentives, "rather than win-lose," loss referring to what he termed "insufficient incentives on the political side." He said he would review the points with the FM, currently out of Bahrain on personal leave, in preparation for the next time the FM meets with Iranian officials. He also said he would pass any information they receive from the Iranians to us.
- $\P 2.$  (C) Al Umran said that Iran values its importance in the region, and if it sees itself as not being given a role, this may affect Iran's acceptance of the incentives package. Iran has already been cooperating with Russia and China regarding oil, and Iran is looking to extend that cooperation to other countries. He said that from his view, the package is missing a strategic role for Iran in the region. Other influential countries in the region, such as Saudi Arabia, Turkey, and Iraq, as it rebuilds, have roles, so Iran may be keen on receiving a place at the table. If the package lacks this kind of incentive, Iran may be slow to accept the deal.
- (C) Regarding the pursuit of UNSC action, Al Umran described Iran as having a "hot-tempered culture" whose leaders "create fire" to build support from the people. feel they have God to protect them and therefore, are not afraid of UNSC action. A more successful approach with Iranian officials is to appeal to their intellect and build up their ego by showing that Iran is important. Al Umran said that Bahrain has benefited from this kind of approach, keeping the window of dialogue with Iran open. He then drew a parallel to engagement with Israel, saying that some Arab countries completely reject any contact with Israel. this is a mistake, he added, because it cuts off all opportunities for cooperation on matters that may be of mutual benefit.

\*\*\*\*\*\*\*\*\* Visit Embassy Manama's Classified Website: http://www.state.sgov.gov/p/nea/manama/

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